

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 604

Introduced by Raikes, 25

Read first time January 17, 2007

Committee: Revenue

A BILL

1 FOR AN ACT relating to educational service units; to amend sections
2 77-3445, 79-318, 79-1213, 79-1217, 79-1224, 79-1225,
3 79-1227, 79-1242, and 79-1244, Reissue Revised Statutes
4 of Nebraska, and sections 13-518, 77-1601.02, 77-3442,
5 and 79-1241.01, Revised Statutes Cumulative Supplement,
6 2006; to change provisions relating to a tax levy;
7 to harmonize provisions; and to repeal the original
8 sections.

9 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 13-518, Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

3 13-518 For purposes of sections 13-518 to 13-522:

4 (1) Allowable growth means (a) for governmental units
5 other than community colleges, the percentage increase in taxable
6 valuation in excess of the base limitation established under
7 section 77-3446, if any, due to improvements to real property as
8 a result of new construction, additions to existing buildings,
9 any improvements to real property which increase the value of
10 such property, and any increase in valuation due to annexation
11 and any personal property valuation over the prior year and (b)
12 for community colleges, (i) for fiscal years prior to fiscal year
13 2003-04 and after fiscal year 2004-05, the percentage increase in
14 excess of the base limitation, if any, in full-time equivalent
15 students from the second year to the first year preceding the
16 year for which the budget is being determined, and (ii) for fiscal
17 year 2003-04 and fiscal year 2004-05, the percentage increase in
18 full-time equivalent students from the second year to the first
19 year preceding the year for which the budget is being determined;

20 (2) Capital improvements means (a) acquisition of real
21 property or (b) acquisition, construction, or extension of any
22 improvements on real property;

23 (3) Governing body has the same meaning as in section
24 13-503;

25 (4) Governmental unit means every political subdivision

1 which has authority to levy a property tax or authority to
2 request levy authority under section 77-3443 except sanitary and
3 improvement districts which have been in existence for five years
4 or less and school districts;

5 (5) Qualified sinking fund means a fund or funds
6 maintained separately from the general fund to pay for acquisition
7 or replacement of tangible personal property with a useful life of
8 five years or more which is to be undertaken in the future but
9 is to be paid for in part or in total in advance using periodic
10 payments into the fund. The term includes sinking funds under
11 subdivision (13) of section 35-508 for firefighting and rescue
12 equipment or apparatus;

13 (6) Restricted funds means (a) property tax, excluding
14 any amounts refunded to taxpayers, (b) payments in lieu of property
15 taxes, (c) local option sales taxes, (d) motor vehicle taxes, (e)
16 state aid, (f) transfers of surpluses from any user fee, permit
17 fee, or regulatory fee if the fee surplus is transferred to fund a
18 service or function not directly related to the fee and the costs
19 of the activity funded from the fee, (g) any funds excluded from
20 restricted funds for the prior year because they were budgeted for
21 capital improvements but which were not spent and are not expected
22 to be spent for capital improvements, (h) the tax provided in
23 sections 77-27,223 to 77-27,227 beginning in the second fiscal year
24 in which the county will receive a full year of receipts, and (i)
25 any excess tax collections returned to the county under section

1 77-1776; and

2 (7) State aid means:

3 (a) For all governmental units, state aid paid pursuant
4 to sections 60-3,202 and 77-3523;

5 (b) For municipalities, state aid to municipalities
6 paid pursuant to sections 18-2605, 39-2501 to 39-2520, 60-3,190,
7 77-27,136, and 77-27,139.04 and insurance premium tax paid to
8 municipalities;

9 (c) For counties, state aid to counties paid pursuant
10 to sections 39-2501 to 39-2520, 47-119.01, 60-3,184 to 60-3,190,
11 77-27,136, and 77-3618, insurance premium tax paid to counties,
12 and reimbursements to counties from funds appropriated pursuant to
13 section 29-3933;

14 (d) For community colleges, state aid to community
15 colleges paid under sections 85-1536 to 85-1537;

16 (e) For natural resources districts, state aid to natural
17 resources districts paid pursuant to section 77-27,136;

18 (f) For educational service units, state aid appropriated
19 under ~~section~~ sections 79-1241 and 79-1243; and

20 (g) For local public health departments as defined in
21 section 71-1626, state aid as distributed under section 71-1628.08.

22 Sec. 2. Section 77-1601.02, Revised Statutes Cumulative
23 Supplement, 2006, is amended to read:

24 77-1601.02 (1) The property tax request for the prior
25 year shall be the property tax request for the current year for

1 purposes of the levy set by the county board of equalization
2 in section 77-1601 unless the governing body of the county,
3 municipality, school district, learning community, sanitary and
4 improvement district, natural resources district, educational
5 service unit prior to FY2008-09, or community college passes by a
6 majority vote a resolution or ordinance setting the tax request
7 at a different amount. Such resolution or ordinance shall only
8 be passed after a special public hearing called for such purpose
9 is held and after notice is published in a newspaper of general
10 circulation in the area of the political subdivision at least five
11 days prior to the hearing. The hearing notice shall contain the
12 following information: The dollar amount of the prior year's tax
13 request and the property tax rate that was necessary to fund that
14 tax request; the property tax rate that would be necessary to fund
15 last year's tax request if applied to the current year's valuation;
16 and the proposed dollar amount of the tax request for the current
17 year and the property tax rate that will be necessary to fund
18 that tax request. Any resolution setting a tax request under this
19 section shall be certified and forwarded to the county clerk on
20 or before October 13 of the year for which the tax request is to
21 apply.

22 (2) Any levy which is not in compliance with this section
23 and section 77-1601 shall be construed as an unauthorized levy
24 under section 77-1606.

25 Sec. 3. Section 77-3442, Revised Statutes Cumulative

1 Supplement, 2006, is amended to read:

2 77-3442 (1) Property tax levies for the support of local
3 governments for fiscal years beginning on or after July 1, 1998,
4 shall be limited to the amounts set forth in this section except as
5 provided in section 77-3444.

6 (2) (a) Except as provided in subdivision (2) (d) of this
7 section, school districts and multiple-district school systems,
8 except learning communities and school districts that are members
9 of learning communities, may levy a maximum levy of one dollar and
10 five cents per one hundred dollars of taxable valuation of property
11 subject to the levy.

12 (b) Except as provided in subdivision (2) (d) of this
13 section, for fiscal year 2008-09 and each fiscal year thereafter,
14 (i) learning communities may levy a maximum levy for the general
15 fund budgets of member school districts equal to the ratio of the
16 aggregate difference of one hundred ten percent of the formula
17 needs as calculated pursuant to section 79-1007.02 minus the amount
18 of state aid certified pursuant to section 79-1022 and minus the
19 other actual receipts included in local system formula resources
20 pursuant to section 79-1018.01 for each member school district for
21 such school fiscal year divided by each one hundred dollars of
22 taxable property subject to the levy, except that such levy shall
23 not exceed one dollar and two cents on each one hundred dollars
24 of taxable property subject to the levy, and (ii) school districts
25 that are members of learning communities may levy a maximum levy

1 of the difference of one dollar and two cents on each one hundred
2 dollars of taxable property subject to the levy minus the learning
3 community levy pursuant to this subdivision for purposes of such
4 school district's general fund budget and special building funds.

5 (c) Excluded from the limitations in subdivisions (a) and
6 (b) of this subsection are amounts levied to pay for sums agreed to
7 be paid by a school district to certificated employees in exchange
8 for a voluntary termination of employment and amounts levied
9 to pay for special building funds and sinking funds established
10 for projects commenced prior to April 1, 1996, for construction,
11 expansion, or alteration of school district buildings. For purposes
12 of this subsection, commenced means any action taken by the school
13 board on the record which commits the board to expend district
14 funds in planning, constructing, or carrying out the project.

15 (d) Federal aid school districts may exceed the maximum
16 levy prescribed by subdivision (2)(a) or (b) of this section
17 only to the extent necessary to qualify to receive federal aid
18 pursuant to Title VIII of Public Law 103-382, as such title existed
19 on September 1, 2001. For purposes of this subdivision, federal
20 aid school district means any school district which receives ten
21 percent or more of the revenue for its general fund budget from
22 federal government sources pursuant to Title VIII of Public Law
23 103-382, as such title existed on September 1, 2001.

24 (e) For school fiscal year 2002-03 through school fiscal
25 year 2007-08, school districts and multiple-district school systems

1 may, upon a three-fourths majority vote of the school board of
2 the school district, the board of the unified system, or the
3 school board of the high school district of the multiple-district
4 school system that is not a unified system, exceed the maximum
5 levy prescribed by subdivision (2)(a) of this section in an amount
6 equal to the net difference between the amount of state aid that
7 would have been provided under the Tax Equity and Educational
8 Opportunities Support Act without the temporary aid adjustment
9 factor as defined in section 79-1003 for the ensuing school fiscal
10 year for the school district or multiple-district school system
11 and the amount provided with the temporary aid adjustment factor.
12 The State Department of Education shall certify to the school
13 districts and multiple-district school systems the amount by which
14 the maximum levy may be exceeded for the next school fiscal year
15 pursuant to this subdivision (e) of this subsection on or before
16 February 15 for school fiscal years 2004-05 through 2007-08.

17 (f) For fiscal year 2008-09 and each fiscal year
18 thereafter, learning communities may levy a maximum levy of two
19 cents on each one hundred dollars of taxable property subject to
20 the levy for special building funds for member school districts.

21 (g) For fiscal year 2008-09 and each fiscal year
22 thereafter, learning communities may levy a maximum levy of one
23 cent on each one hundred dollars of taxable property subject to the
24 levy for the learning community budget and for projects approved by
25 the learning community coordinating council.

1 (3) Community colleges may levy a maximum levy on each
2 one hundred dollars of taxable property subject to the levy of
3 seven cents, plus amounts allowed under subsection (7) of section
4 85-1536.01, except that any community college whose valuation per
5 reported aid equivalent student as defined in section 85-1503 was
6 less than eighty-two percent of the average valuation per statewide
7 reimbursable reported aid equivalent total as defined in section
8 85-1503 for all community colleges for fiscal year 1997-98 may levy
9 up to an additional one-half cent for each of fiscal years 2005-06
10 and 2006-07 upon a three-fourths majority vote of the board.

11 (4) Natural resources districts may levy a maximum levy
12 of four and one-half cents per one hundred dollars of taxable
13 valuation of property subject to the levy. Natural resources
14 districts shall also have the power and authority to levy a
15 tax equal to the dollar amount by which their restricted funds
16 budgeted to administer and implement ground water management
17 activities and integrated management activities under the Nebraska
18 Ground Water Management and Protection Act exceed their restricted
19 funds budgeted to administer and implement ground water management
20 activities and integrated management activities for FY2003-04,
21 not to exceed one cent on each one hundred dollars of taxable
22 valuation annually on all of the taxable property within the
23 district. In addition, natural resources districts located in a
24 river basin, subbasin, or reach that has been determined to be
25 fully appropriated pursuant to section 46-714 or designated as

1 overappropriated pursuant to section 46-713 by the Department of
2 Natural Resources shall also have the power and authority to
3 levy a tax equal to the dollar amount by which their restricted
4 funds budgeted to administer and implement ground water management
5 activities and integrated management activities under the Nebraska
6 Ground Water Management and Protection Act exceed their restricted
7 funds budgeted to administer and implement ground water management
8 activities and integrated management activities for FY2005-06, not
9 to exceed three cents on each one hundred dollars of taxable
10 valuation on all of the taxable property within the district for
11 fiscal year 2006-07 and not to exceed two cents on each one
12 hundred dollars of taxable valuation annually on all of the taxable
13 property within the district for fiscal years 2007-08 and 2008-09.

14 (5) ~~Educational~~ For fiscal years prior to FY2008-09,
15 educational service units may levy a maximum levy of one and
16 one-half cents per one hundred dollars of taxable valuation of
17 property subject to the levy.

18 (6)(a) Incorporated cities and villages which are not
19 within the boundaries of a municipal county may levy a maximum levy
20 of forty-five cents per one hundred dollars of taxable valuation
21 of property subject to the levy plus an additional five cents per
22 one hundred dollars of taxable valuation to provide financing for
23 the municipality's share of revenue required under an agreement
24 or agreements executed pursuant to the Interlocal Cooperation Act
25 or the Joint Public Agency Act. The maximum levy shall include

1 amounts levied to pay for sums to support a library pursuant
2 to section 51-201, museum pursuant to section 51-501, visiting
3 community nurse, home health nurse, or home health agency pursuant
4 to section 71-1637, or statue, memorial, or monument pursuant to
5 section 80-202.

6 (b) Incorporated cities and villages which are within the
7 boundaries of a municipal county may levy a maximum levy of ninety
8 cents per one hundred dollars of taxable valuation of property
9 subject to the levy. The maximum levy shall include amounts paid
10 to a municipal county for county services, amounts levied to pay
11 for sums to support a library pursuant to section 51-201, a museum
12 pursuant to section 51-501, a visiting community nurse, home health
13 nurse, or home health agency pursuant to section 71-1637, or a
14 statue, memorial, or monument pursuant to section 80-202.

15 (7) Sanitary and improvement districts which have been in
16 existence for more than five years may levy a maximum levy of forty
17 cents per one hundred dollars of taxable valuation of property
18 subject to the levy, and sanitary and improvement districts which
19 have been in existence for five years or less shall not have
20 a maximum levy. Unconsolidated sanitary and improvement districts
21 which have been in existence for more than five years and are
22 located in a municipal county may levy a maximum of eighty-five
23 cents per hundred dollars of taxable valuation of property subject
24 to the levy.

25 (8) Counties may levy or authorize a maximum levy of

1 fifty cents per one hundred dollars of taxable valuation of
2 property subject to the levy, except that five cents per one
3 hundred dollars of taxable valuation of property subject to the
4 levy may only be levied to provide financing for the county's
5 share of revenue required under an agreement or agreements executed
6 pursuant to the Interlocal Cooperation Act or the Joint Public
7 Agency Act. The maximum levy shall include amounts levied to pay
8 for sums to support a library pursuant to section 51-201 or museum
9 pursuant to section 51-501. The county may allocate up to fifteen
10 cents of its authority to other political subdivisions subject
11 to allocation of property tax authority under subsection (1) of
12 section 77-3443 and not specifically covered in this section to
13 levy taxes as authorized by law which do not collectively exceed
14 fifteen cents per one hundred dollars of taxable valuation on any
15 parcel or item of taxable property. The county may allocate to
16 one or more other political subdivisions subject to allocation
17 of property tax authority by the county under subsection (1) of
18 section 77-3443 some or all of the county's five cents per one
19 hundred dollars of valuation authorized for support of an agreement
20 or agreements to be levied by the political subdivision for the
21 purpose of supporting that political subdivision's share of revenue
22 required under an agreement or agreements executed pursuant to the
23 Interlocal Cooperation Act or the Joint Public Agency Act. If an
24 allocation by a county would cause another county to exceed its
25 levy authority under this section, the second county may exceed the

1 levy authority in order to levy the amount allocated.

2 (9) Municipal counties may levy or authorize a maximum
3 levy of one dollar per one hundred dollars of taxable valuation
4 of property subject to the levy. The municipal county may allocate
5 levy authority to any political subdivision or entity subject to
6 allocation under section 77-3443.

7 (10) Property tax levies for judgments, except judgments
8 or orders from the Commission of Industrial Relations, obtained
9 against a political subdivision which require or obligate a
10 political subdivision to pay such judgment, to the extent such
11 judgment is not paid by liability insurance coverage of a
12 political subdivision, for preexisting lease-purchase contracts
13 approved prior to July 1, 1998, for bonded indebtedness approved
14 according to law and secured by a levy on property, and for
15 payments by a public airport to retire interest-free loans from the
16 Department of Aeronautics in lieu of bonded indebtedness at a lower
17 cost to the public airport are not included in the levy limits
18 established by this section.

19 (11) The limitations on tax levies provided in this
20 section are to include all other general or special levies
21 provided by law. Notwithstanding other provisions of law, the
22 only exceptions to the limits in this section are those provided by
23 or authorized by sections 77-3442 to 77-3444.

24 (12) Tax levies in excess of the limitations in this
25 section shall be considered unauthorized levies under section

1 77-1606 unless approved under section 77-3444.

2 (13) For purposes of sections 77-3442 to 77-3444,
3 political subdivision means a political subdivision of this state
4 and a county agricultural society.

5 Sec. 4. Section 77-3445, Reissue Revised Statutes of
6 Nebraska, is amended to read:

7 77-3445 A council on public improvements and services
8 may be created within each county or for adjoining counties by
9 resolutions of county boards or by joint resolutions passed by at
10 least three different types of political subdivisions located in
11 the county which are authorized to levy property taxes or which may
12 benefit from property taxes affected by the levy limits imposed by
13 sections 77-3442 to 77-3444. Such councils shall include, but are
14 not limited to, one elected official from each school board, county
15 board, incorporated city or village, natural resources district,
16 community college, educational service unit prior to July 1, 2008,
17 hospital district, airport authority, fire protection district, and
18 township taxing property within the county or counties. The elected
19 governing body of each political subdivision which has the legal
20 authority to request property tax funding or a levy set by the
21 county board within a county may by resolution of the governing
22 body appoint one elected official from the governing board to the
23 council on public improvements and services.

24 Councils on public improvements and services may meet,
25 beginning in 1996, as often as necessary prior to the adoption of

1 budgets and property tax requests affected by the levy limits
2 described in sections 77-3442 to 77-3444. The council shall
3 jointly examine the budgets and property tax requests of each
4 governmental agency or quasi-governmental agency with statutory
5 authority to request a share of the property tax. The county clerk
6 or designated county official of each county shall attend such
7 meetings and keep a public record of the proceedings. Each council
8 on public improvements and services which is created by resolution
9 as provided in this section shall hold at least one public meeting
10 prior to the adoption of public budgets affected by the levy
11 limits imposed by sections 77-3442 to 77-3444. Such council may
12 continue to meet to discuss issues of public service provision in
13 an effective and coordinated manner, the impacts of levy limits,
14 state and federal law, program, or aid changes, and the joint
15 provision or use of capital facilities and equipment.

16 Sec. 5. Section 79-318, Reissue Revised Statutes of
17 Nebraska, is amended to read:

18 79-318 The State Board of Education shall:

19 (1) Appoint and fix the compensation of the Commissioner
20 of Education;

21 (2) Remove the commissioner from office at any time for
22 conviction of any crime involving moral turpitude or felonious act,
23 for inefficiency, or for willful and continuous disregard of his or
24 her duties as commissioner or of the directives of the board;

25 (3) Upon recommendation of the commissioner, appoint and

1 fix the compensation of a deputy commissioner and all professional
2 employees of the board;

3 (4) Organize the State Department of Education into such
4 divisions, branches, or sections as may be necessary or desirable
5 to perform all its proper functions and to render maximum service
6 to the board and to the state school system;

7 (5) Provide, through the commissioner and his or her
8 professional staff, enlightened professional leadership, guidance,
9 and supervision of the state school system, including educational
10 service units. In order that the commissioner and his or her
11 staff may carry out their duties, the board shall, through the
12 commissioner: (a) Provide supervisory and consultation services
13 to the schools of the state; (b) issue materials helpful in the
14 development, maintenance, and improvement of educational facilities
15 and programs; (c) establish rules and regulations which govern
16 standards and procedures for the approval and legal operation
17 of all schools in the state and for the accreditation of all
18 schools requesting state accreditation. All public, private,
19 denominational, or parochial schools shall either comply with
20 the accreditation or approval requirements prescribed in this
21 section and section 79-703 or, for those schools which elect not
22 to meet accreditation or approval requirements, the requirements
23 prescribed in subsections (2) through (6) of section 79-1601.
24 Standards and procedures for approval and accreditation shall
25 be based upon the program of studies, guidance services, the

1 number and preparation of teachers in relation to the curriculum
2 and enrollment, instructional materials and equipment, science
3 facilities and equipment, library facilities and materials, and
4 health and safety factors in buildings and grounds. Rules and
5 regulations which govern standards and procedures for private,
6 denominational, and parochial schools which elect, pursuant to the
7 procedures prescribed in subsections (2) through (6) of section
8 79-1601, not to meet state accreditation or approval requirements
9 shall be as described in such section; (d) institute a statewide
10 system of testing to determine the degree of achievement and
11 accomplishment of all the students within the state's school
12 systems if it determines such testing would be advisable;
13 (e) prescribe a uniform system of records and accounting for
14 keeping adequate educational and financial records, for gathering
15 and reporting necessary educational data, and for evaluating
16 educational progress; (f) cause to be published laws, rules, and
17 regulations governing the schools and the school lands and funds
18 with explanatory notes for the guidance of those charged with the
19 administration of the schools of the state; (g) approve teacher
20 education programs conducted in Nebraska postsecondary educational
21 institutions designed for the purpose of certificating teachers
22 and administrators; (h) approve teacher evaluation policies and
23 procedures developed by school districts and educational service
24 units; and (i) approve general plans and adopt educational
25 policies, standards, rules, and regulations for carrying out the

1 board's responsibilities and those assigned to the State Department
2 of Education by the Legislature;

3 (6) Adopt and promulgate rules and regulations for
4 the guidance, supervision, accreditation, and coordination of
5 educational service units. Such rules and regulations for
6 accreditation shall include, but not be limited to, (a) a
7 requirement that programs and services offered to school districts
8 by each educational service unit shall be evaluated on a regular
9 basis, but not less than every seven years, to assure that
10 educational service units remain responsive to school district
11 needs and (b) guidelines for the use and management of funds
12 generated from the ~~property tax levy and from other~~ sources of
13 revenue ~~as may be~~ available to the educational service units,
14 to assure that public funds are used to accomplish the purposes
15 and goals assigned to the educational service units by section
16 79-1204. The State Board of Education shall establish procedures to
17 encourage the coordination of activities among educational service
18 units and to encourage effective and efficient educational service
19 delivery on a statewide basis;

20 (7) Submit a biennial report to the Governor and the
21 Clerk of the Legislature covering the actions of the board, the
22 operations of the State Department of Education, and the progress
23 and needs of the schools and recommend such legislation as may be
24 necessary to satisfy these needs;

25 (8) Prepare and distribute reports designed to acquaint

1 school district officers, teachers, and patrons of the schools with
2 the conditions and needs of the schools;

3 (9) Provide for consultation with professional educators
4 and lay leaders for the purpose of securing advice deemed necessary
5 in the formulation of policies and in the effectual discharge of
6 its duties;

7 (10) Make studies, investigations, and reports and
8 assemble information as necessary for the formulation of policies,
9 for making plans, for evaluating the state school program, and for
10 making essential and adequate reports;

11 (11) Submit to the Governor and the Legislature a
12 budget necessary to finance the state school program under its
13 jurisdiction, including the internal operation and maintenance of
14 the State Department of Education;

15 (12) Interpret its own policies, standards, rules, and
16 regulations and, upon reasonable request, hear complaints and
17 disputes arising therefrom;

18 (13) With the advice of the Department of Motor Vehicles,
19 adopt and promulgate rules and regulations containing reasonable
20 standards, not inconsistent with existing statutes, governing: (a)
21 The general design, equipment, color, operation, and maintenance
22 of any vehicle with a manufacturer's rated seating capacity of
23 eleven or more passengers used for the transportation of school
24 children; and (b) the equipment, operation, and maintenance of
25 any vehicle with a capacity of ten or less passengers used for

1 the transportation of school students, when such vehicles are
2 owned, operated, or owned and operated by any school district or
3 privately owned or operated under contract with any school district
4 in this state. Similar rules and regulations shall be adopted and
5 promulgated for operators of such vehicles as provided in section
6 79-607;

7 (14) Accept, on behalf of the Nebraska Center for the
8 Education of Children who are Blind or Visually Impaired, formerly
9 the Nebraska School for the Visually Handicapped, devise of real
10 property or donations or bequests of other property, or both, if in
11 its judgment any such devise, donation, or bequest is for the best
12 interest of the center or the students receiving services from the
13 center, or both, and irrigate or otherwise improve any such real
14 estate when in the board's judgment it would be advisable to do so;
15 and

16 (15) Upon acceptance of any devise, donation, or bequest
17 as provided in this section, administer and carry out such devise,
18 donation, or bequest in accordance with the terms and conditions
19 thereof. If not prohibited by the terms and conditions of any such
20 devise, donation, or bequest, the board may sell, convey, exchange,
21 or lease property so devised, donated, or bequeathed upon such
22 terms and conditions as it deems best and remit all money derived
23 from any such sale or lease to the State Treasurer for credit to
24 the State Department of Education Trust Fund.

25 Each member of the Legislature shall receive a copy of

1 the report required by subdivision (7) of this section by making a
2 request for it to the commissioner.

3 None of the duties prescribed in this section shall
4 prevent the board from exercising such other duties as in its
5 judgment may be necessary for the proper and legal exercise of its
6 obligations.

7 Sec. 6. Section 79-1213, Reissue Revised Statutes of
8 Nebraska, is amended to read:

9 79-1213 ~~The~~ (1) For fiscal years prior to FY2008-09,
10 the board of any reorganized educational service unit pursuant to
11 sections 79-1206 to 79-1211 is authorized to issue warrants in an
12 amount necessary for the following purposes: ~~(1)~~ (a) To pay its
13 expenses for a one-year period beginning one year after approval
14 of any plan of reorganization by the State Board of Education; and
15 ~~(2)~~ (b) to finance the programs and services of the reorganized
16 educational service unit beginning one year after the approval of
17 any plan of reorganization by the State Board of Education until
18 the distribution of the proceeds of its first tax levy less the
19 amount of cash on hand and to be received during such period.
20 Whenever any board of a reorganized educational service unit issues
21 warrants, such board shall make a tax levy at the next tax-levying
22 period sufficient to pay the same and the interest thereon. Such
23 warrants shall bear interest at the rate of not more than six
24 percent per annum and shall be recorded by the treasurer of the
25 board and redeemed as provided in Chapter 77, article 22, 7 and

1 ~~amendments thereto.~~

2 (2) For FY2008-09 and each fiscal year thereafter, the
3 board of any reorganized educational service unit pursuant to
4 sections 79-1206 to 79-1211 is authorized to issue warrants in
5 an amount necessary for the following purposes: (a) To pay its
6 expenses for a one-year period beginning one year after approval of
7 any plan of reorganization by the State Board of Education; and (b)
8 to finance the programs and services of the reorganized educational
9 service unit beginning one year after the approval of any plan
10 of reorganization by the State Board of Education until the first
11 distribution of the proceeds of core services funding pursuant to
12 section 79-1241 less the amount of cash on hand and to be received
13 during such period. Such warrants shall bear interest at the rate
14 of not more than six percent per annum and shall be recorded by
15 the treasurer of the board and redeemed as provided in Chapter 77,
16 article 22.

17 Sec. 7. Section 79-1217, Reissue Revised Statutes of
18 Nebraska, is amended to read:

19 79-1217 (1) All educational service units, except
20 Educational Service Units No. 18 and 19, shall be governed by a
21 board to be known as the Board of Educational Service Unit No.
22 The educational service unit board shall be composed of
23 one member from each county and four members at large, all of whom
24 shall reside within the geographical boundaries of the educational
25 service unit, but no more than two of the members at large shall

1 be appointed or elected from the same county unless any one county
2 within the educational service unit has a population in excess of
3 one hundred fifty thousand inhabitants or the educational service
4 unit consists of only one county. The four candidates who receive
5 the highest number of votes for at-large representative shall be
6 elected, except that if more than two of such candidates reside
7 within the same county which has a population of one hundred fifty
8 thousand inhabitants or less, the candidates from such county
9 receiving fewer votes than the two candidates receiving the highest
10 number of votes for at-large representative from such county shall
11 not be elected and a vacancy or vacancies shall exist for at-large
12 representative. The vacancy shall be filled pursuant to subsection
13 (2) of this section. Successors to the members initially appointed
14 shall be elected pursuant to section 32-515.

15 (2) Vacancies in office shall occur as set forth in
16 section 32-560. Whenever any vacancy occurs on the board, the
17 remaining members of such board shall appoint an individual
18 residing within the geographical boundaries of the educational
19 service unit and meeting the qualifications for the office to fill
20 such vacancy for the balance of the unexpired term.

21 (3) Members of the board shall receive no compensation
22 for their services but shall be reimbursed for the actual and
23 necessary expenses incurred in the performance of their duties
24 under the Educational Service Units Act as provided in sections
25 81-1174 to 81-1177.

1 (4) Except as provided in subsection (5) of this section,
2 any joint school district located in two or more counties shall
3 be considered a part of the educational service unit in which the
4 greater number of school-age children of such joint school district
5 reside. All legal voters of any such joint school district shall be
6 eligible to hold office as the county representative of the county
7 in which the greater number of school-age children reside. Any
8 legal voter of any joint school district shall be eligible to hold
9 office as the at-large representative if such legal voter resides
10 within the geographical boundary of the school district comprising
11 the educational service unit.

12 (5) Any Class I district which is part of a Class VI
13 district shall be considered a part of the educational service
14 unit of which the Class VI district is a member. If the Class
15 VI district has removed itself from an educational service unit,
16 each Class I district which is part of such Class VI district may
17 continue its existing membership in an educational service unit
18 or may change its status relative to membership in an educational
19 service unit in accordance with section 79-1209. The patrons of a
20 Class I district maintaining membership in an educational service
21 unit pursuant to this subsection shall have the same rights and
22 privileges as other patrons of the educational service unit, and
23 for fiscal years prior to FY2008-09, the taxable valuation of the
24 taxable property within the geographic boundaries of such Class I
25 district shall be subject to the educational service unit's tax

1 levy established pursuant to section 79-1225.

2 (6) The administrator of each educational service unit,
3 prior to July 1 of each year in which a statewide primary election
4 is to be held, shall certify to the election commissioner or county
5 clerk of each county located within the unit the corporate name
6 of each school district, as described in section 79-405, located
7 within the county. If a school district is a joint school district
8 located in two or more counties, the administrator shall certify to
9 each election commissioner or county clerk the educational service
10 unit of which the school district is considered to be a part.

11 (7) Educational Service Unit No. 18 shall be governed by
12 the school board of School District 55-001 of Lancaster County.

13 (8) Educational Service Unit No. 19 shall be governed by
14 the school board of School District 28-001 of Douglas County.

15 Sec. 8. Section 79-1224, Reissue Revised Statutes of
16 Nebraska, is amended to read:

17 79-1224 The board of each educational service unit may
18 receive, for the purpose for which made available, any school
19 district, county, state, or federal funds made available to it, or
20 funds or property received from any other source, and for fiscal
21 years prior to FY2008-09, may use tax revenue from the levy of
22 the educational service unit for operational expenses and for the
23 purpose of matching any funds that may be made available to it on
24 a matching basis by any state or federal agency. The board of each
25 educational service unit may utilize such personnel or services

1 that may lawfully be offered by any state or federal agency or
2 governmental unit.

3 Sec. 9. Section 79-1225, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 79-1225 ~~After~~ For fiscal years prior to FY2008-09,
6 after the adoption of its budget statement, the board for each
7 educational service unit may levy a tax in the amount which it
8 requires under its adopted budget statement to be received from
9 taxation. The levy shall be subject to the limits established by
10 section 77-3442. The amount of such levy shall be certified by
11 the secretary of the educational service unit board to the county
12 board of equalization of each county in which any part of the
13 geographical area of the educational service unit is located on
14 or before September 20 of each year. Such tax shall be levied and
15 assessed in the same manner as other property taxes and entered
16 on the books of the county treasurer. The proceeds of such tax,
17 as collected, shall be remitted to the treasurer of the board on
18 or before the fifteenth day of each month or more frequently as
19 provided in section 77-1759.

20 Sec. 10. Section 79-1227, Reissue Revised Statutes of
21 Nebraska, is amended to read:

22 79-1227 A summary of the prepared yearly budget of an
23 educational service unit shall be published one time in a legal
24 newspaper published in or of general circulation in each county in
25 the unit at least five days before a meeting at which such budget

1 shall be considered for adoption by the board. Such publication
2 shall also specify the date, time, and place of the public hearing
3 at which the budget will be considered and for fiscal years prior
4 to FY2008-09, any tax levy made.

5 Sec. 11. Section 79-1241.01, Revised Statutes Cumulative
6 Supplement, 2006, is amended to read:

7 79-1241.01 To carry out sections 79-1241 and 79-1243, it
8 is the intent of the Legislature to appropriate for each fiscal
9 year the amount appropriated in the prior year increased by the
10 percentage growth in the fall membership of member districts plus
11 the basic allowable growth rate described in section 79-1025. For
12 FY2008-09, it is the intent of the Legislature to increase the
13 appropriation pursuant to this section by an additional amount
14 equal to the estimated proceeds that a levy of one and one-half
15 cents per one hundred dollars of valuation would have generated
16 statewide for such fiscal year. For purposes of this section,
17 fall membership has the same meaning as in section 79-1003. Fall
18 membership data used to compute growth shall be from the two most
19 recently available fall membership reports.

20 Sec. 12. Section 79-1242, Reissue Revised Statutes of
21 Nebraska, is amended to read:

22 79-1242 Funds generated from the property tax ~~levy~~ levied
23 prior to FY2008-09 shall only be used for purposes approved by
24 representatives of two-thirds of the member school districts in an
25 educational service unit, representing a majority of the students

1 in the member school districts. Each educational service unit shall
2 prepare and transmit a written proposal of core services offerings
3 and use of ~~the~~ such property tax levy to all member school
4 districts. The member school districts through their designated
5 representatives shall indicate their approval or disapproval of the
6 proposal within thirty calendar days after receipt of the proposal,
7 and failure to so indicate within such time period shall be deemed
8 approval of the proposal.

9 Sec. 13. Section 79-1244, Reissue Revised Statutes of
10 Nebraska, is amended to read:

11 79-1244 (1)(a) Any educational service unit may borrow
12 money to the amount of seventy percent of the unexpended balance
13 of total anticipated receipts of the general fund for the current
14 fiscal year and the following fiscal year. Total anticipated
15 receipts of the general fund for the current fiscal year and
16 the following fiscal year means a sum equal to the total
17 of (i) the anticipated receipts from the ~~current existing~~ levy
18 ~~multiplied by two,~~ property tax levied prior to FY2008-09, (ii)
19 the anticipated receipts from the state for core services and
20 technology infrastructure for the current fiscal year and the
21 following fiscal year, (iii) the anticipated receipts from the
22 United States for the current fiscal year and the following fiscal
23 year, and (iv) the anticipated receipts from other sources for the
24 current fiscal year and the following fiscal year.

25 (b) Any educational service unit may execute and deliver

1 in evidence thereof its promissory notes which it is hereby
2 authorized and empowered to make and negotiate, bearing a rate of
3 interest set by the educational service unit board and maturing
4 not more than two fiscal years from the date thereof. Such notes,
5 before they are negotiated, shall be presented to the treasurer
6 of the educational service unit and registered by him or her and
7 shall be payable out of the funds collected by such educational
8 service unit in the order of their registry after the payment of
9 prior registered warrants but prior to the payment of any warrant
10 subsequently registered, except that if both warrants and notes
11 are registered, the total of such registered notes and warrants
12 shall not exceed one hundred percent of the unexpended balance
13 of the total anticipated receipts of the general fund of such
14 educational service unit for the current fiscal year and the
15 following fiscal year. For the purpose of making such calculation,
16 such total anticipated receipts shall not include any anticipated
17 receipts against which the educational service unit has borrowed
18 and issued notes pursuant to this section in either the current or
19 the immediately preceding fiscal year.

20 (2) In addition to the authority granted by subsection
21 (1) of this section, any educational service unit may accept
22 interest-free or low-interest loans from the state or federal
23 government and may execute and deliver in evidence thereof its
24 promissory notes maturing not more than twenty years from the date
25 of execution.

1 (3) ~~In~~ For fiscal years prior to FY2008-09, in addition
2 to the authority granted by subsections (1) and (2) of this
3 section, any educational service unit may enter into loan
4 agreements for the purpose of borrowing money from financial
5 institutions, including banks, in amounts not in excess of seventy
6 percent of the unexpended balance of its current existing levy.
7 As evidence of such borrowing, an educational service unit may
8 execute and deliver one or more written loan agreements but shall
9 not be required to execute and deliver separate promissory notes
10 for each borrowing under such agreements. Money borrowed pursuant
11 to such agreements shall bear interest at such rate or rates and
12 shall become due and be repaid as provided in such agreements. Any
13 such agreement shall provide for repayment in full at least once
14 each fiscal year and shall be for a term not exceeding one fiscal
15 year. Any such agreement shall be registered upon books kept by
16 the treasurer of the educational service unit, and money borrowed
17 pursuant to such agreement shall be paid out of funds collected
18 upon the current existing levy prior to the payment of any warrant
19 or note registered subsequent to any such loan agreement. If an
20 educational service unit has any such loan agreement or agreements
21 outstanding and has warrants or notes registered, as described in
22 subsection (1) of this section, the total amount (a) of borrowings
23 pursuant to such loan agreement or agreements and (b) of registered
24 notes and warrants shall not exceed one hundred percent of the
25 unexpended balance of the current existing levy.

1 (4) Nothing in this section shall be construed to exempt
2 an educational service unit from the terms and conditions contained
3 in sections 10-701 to 10-716.

4 Sec. 14. Original sections 77-3445, 79-318, 79-1213,
5 79-1217, 79-1224, 79-1225, 79-1227, 79-1242, and 79-1244, Reissue
6 Revised Statutes of Nebraska, and sections 13-518, 77-1601.02,
7 77-3442, and 79-1241.01, Revised Statutes Cumulative Supplement,
8 2006, are repealed.